

CHAPTER 1100
MUNICIPAL UTILITY RETIREMENT SYSTEMS
H.F. 2379

AN ACT relating to municipal utility retirement systems.

Be It Enacted by the General Assembly of the State of Iowa:

Section 1. [Section 97B.1A, subsection 8](#), paragraph a, Code 2018, is amended by adding the following new subparagraph:

NEW SUBPARAGRAPH. (11A) Persons with service under [this chapter](#) who are employed by a municipal utility, other than a municipal water utility or waterworks, that has established a pension and annuity retirement system for its employees pursuant to [chapter 412](#), and who are covered under [this chapter](#) at the time of commencement of employment with the municipal utility.

Sec. 2. [Section 97B.1A](#), Code 2018, is amended by adding the following new subsection:

NEW SUBSECTION. 15A. “Municipal utility” means a public utility as defined in [section 412.5](#).

Sec. 3. [Section 97B.42C](#), Code 2018, is amended to read as follows:

97B.42C Retirement system merger.

A municipal water utility ~~or waterworks~~ that has established a pension and annuity retirement system for its employees pursuant to [chapter 412](#), or a school district that has established a pension and annuity retirement system for its employees pursuant to [chapter 294](#), may adopt a resolution to authorize the merger of its pension and annuity retirement system with and into the Iowa public employees’ retirement system. The system is authorized, but is not required, to accept such a proposal. The governing body of the municipal water utility ~~or waterworks~~ or school district and the Iowa public employees’ retirement system shall, acting in their fiduciary capacities, mutually determine the terms and conditions of such a merger, including any additional funds necessary to fund the service credits being transferred to the Iowa public employees’ retirement system, and either party may decline the merger if they cannot agree on such terms and conditions. The system shall adopt such rules as it deems necessary and prudent to effectuate mergers as provided by [this section](#).

Sec. 4. [Section 412.4](#), Code 2018, is amended to read as follows:

412.4 Payments and investments.

The council, board of waterworks trustees, or other board or commission, whichever is authorized by law to manage and operate any such waterworks, or other municipally owned and operated public utility, shall have the right and power to contract with any legal reserve insurance company authorized to conduct its business in the state, or any bank located in Iowa having trust powers for the investment of funds contributed to an annuity or pension system, for the payment of the pensions or annuities provided in such pension or annuity retirement system, and may pay the premiums or make the contribution of such contract out of the fund provided in [section 412.2](#). Funds shall be invested in accordance with the investment policy for the retirement fund, as established by the governing body of the public utility. In establishing the investment policy, the council, board, or commission shall be governed by the standards set forth in [section 97B.7A](#). ~~However, permissible investments shall be limited to those investments authorized in [section 12B.10, subsection 5](#), and investments in diversified commingled investment funds holding only publicly traded securities and under the management of an investment advisor registered with the federal securities and exchange commission under the Investment Advisor Act of 1940. Funds contributed to a bank pursuant to such a contract shall be invested in the manner prescribed in [section 633.123A](#) or [chapter 633A, subchapter IV, part 3](#), and may be commingled with~~

~~and invested as a part of a common or master fund managed for the benefit of more than one public utility.~~

Approved April 10, 2018